

# Preliminary Results Presentation

Full Year ended 30<sup>th</sup> April 2012

29<sup>th</sup> June 2012

# Format of presentation



Chairman

Tony Pidgley

Finance Director

Nick Simpkin

Managing Director

Rob Perrins

Questions

---

# TONY PIDGLEY

## CHAIRMAN

# Key Messages

---



1. Strong trading performance
2. Further land bank investment
3. Strong balance sheet
4. Clear strategy
5. Well positioned to deliver

---

# NICK SIMPKIN

## FINANCE DIRECTOR

# Review of Results



- Summary of performance
- Summary of financial position
- Income statement
- Homes completed and ASP
- Abridged cash flow
- Abridged balance sheet
  - Investment properties
  - Inventories
  - Creditors
- Land holdings

# Summary of Performance



	<u>Year to</u> <u>Apr 2012</u>	<u>Year to</u> <u>Apr 2011</u>	<u>Change</u>	
Profit before tax	£214.8m	£136.2m	+ £78.6m	+ 57.7%
Pre-exceptional operating profit	£195.7m	£135.7m	+ £60.0m	+ 44.2%
Pre-exceptional operating margin	18.8%	18.3%		
EPS – Basic	121.0p	72.1p	+ 48.9p	+ 67.8%
Weighted ave. no. of shares	131.0m	132.0m		
Return on equity	21.2%	15.3%		

# Summary of financial position



	<u>Apr 2012</u>	<u>Apr 2011</u>	<u>Change</u>	
Shareholders' funds	£1,099.8m	£929.4m	+ £170.4m	+ 18.3%
Closing net debt/(cash)	<u>£57.9m</u>	<u>(£42.0m)</u>	<u>- £99.9m</u>	
Capital employed	£1,157.7m	£887.4m	+ £270.3m	+ 30.5%
Net asset value per share	839.3p	709.2p	130.1p	+ 18.3%
Shares in issue	131.0m	131.0m	-	
Land bank - Plots	26,021	27,026	- 1,005	
- Gross margin	£2,580m	£2,304m	+ £276m	+ 12.0%
- Planning consents	84%	73%		
Cash due on forward sales	£1,055.7m	£813.5m	+ £243.2m	+ 29.9%
Deposits and on account receipts	<u>£422.9m</u>	<u>£472.0m</u>	<u>-£49.1m</u>	<u>-10.4%</u>
Total forward sales	£1,478.6m	£1,285.5m	£193.1m	+15.0%



# Bank facilities



	<u>Currently</u>		<u>Previously</u>	
	£m	Term	£m	Term
Facility No.1	250	2017	250	2016
Facility No.2	<u>275</u>	2017	<u>200</u>	2013
	525		450	
St Edward	60	2016	60	2016

# Income statement (1)



	<u>Year to</u> <u>Apr 2012</u> <u>£m</u>		<u>Year to</u> <u>Apr 2011</u> <u>£m</u>		<u>Change</u> <u>£m</u>	
Revenue	<u>1,041.1</u>		<u>742.6</u>		<u>+ 298.5</u>	+ 40.2%
Gross profit	295.3	28.4%	209.1	28.2%	+ 86.2	+ 41.2%
Overheads	(99.6)	9.6%	(73.4)	9.9%	- 26.1	+ 35.6%
Pre-exceptional operating profit	<u>195.7</u>	18.8%	<u>135.7</u>	18.3%	<u>+ 60.1</u>	+ 44.3%
Exceptional profit on disposal	<u>30.7</u>		-		<u>+ 30.7</u>	
Operating profit	<u>226.4</u>		<u>135.7</u>		<u>+ 90.8</u>	+ 66.9%

# Income statement (2)



	<u>Year to</u> <u>Apr 2012</u> <u>£m</u>		<u>Year to</u> <u>Apr 2011</u> <u>£m</u>		<u>Change</u> <u>£m</u>	
Operating profit	<u>226.4</u>		<u>135.7</u>		<u>+ 90.7</u>	+66.8%
Net finance costs	(9.4)		(1.5)		- 7.9	
Joint ventures	<u>(2.2)</u>		<u>2.1</u>		<u>- 4.3</u>	
Profit before tax	214.8		136.2		+ 78.6	+ 57.7%
Tax	<u>(56.7)</u>	26.4%	<u>(41.8)</u>	30.7%	<u>- 14.9</u>	
Profit after tax	158.1		94.4		+ 63.7	+ 67.4%
Minority interest – loss	<u>0.4</u>		<u>0.8</u>		<u>- 0.4</u>	
Profit attrib. to shareholders	<u>158.5</u>		<u>95.2</u>		<u>+ 63.3</u>	

# Homes completed and ASP



	<u>Units</u>	<u>ASP</u>	<u>Units</u>	<u>ASP</u>
2011/12 HY01	1,506	£254,000	3,565	£280,000
2011/12 HY02	<u>2,059</u>	<u>£300,000</u>		
St Edward Homes			188	£170,000
2010/11 HY02	1,295	£280,000	2,544	£271,000
2010/11 HY01	<u>1,249</u>	<u>£262,000</u>		
St Edward Homes			164	£251,000
2009/10 HY02	1,287	£238,000	2,201	£263,000
2009/10 HY01	<u>914</u>	<u>£299,000</u>		
2008/09 HY02	533	£388,000	1,501	£395,000
2008/09 HY01	<u>968</u>	<u>£399,000</u>		
2007/08 HY02	1,537	£347,000	3,167	£295,000
2007/08 HY01	<u>1,630</u>	<u>£245,000</u>		

# Abridged cash flow



	<u>Year to</u> <u>Apr 2012</u> <u>£m</u>	<u>Year to</u> <u>Apr 2011</u> <u>£m</u>
Profit before tax	214.8	136.2
Increase in inventory – land	(135.8)	(207.4)
Increase in inventory – build WIP & stock	(102.7)	(151.7)
Transfer from inventory to rental fund	(55.9)	(28.7)
Increase in land creditors	56.4	2.6
Other working capital movements	<u>(30.1)</u>	<u>40.0</u>
Net investment in working capital	(268.1)	(345.2)
Net investment in St Edward	(7.8)	(12.7)
Tax paid	(53.7)	(32.6)
Other (investing, finance servicing and other movements)	<u>14.9</u>	<u>9.4</u>
Cash outflow before financing	(99.9)	(244.9)
Share buy backs	<u>-</u>	<u>(30.0)</u>
Decrease in net cash	(99.9)	(274.9)
Opening net cash	<u>42.0</u>	<u>316.9</u>
Closing net (debt)/cash	<u>(57.9)</u>	<u>42.0</u>

# Abridged balance sheet



	<u>Apr 2012</u> £m	<u>Movements</u> £m	<u>Apr 2011</u> £m
Non-current assets			
- Intangible assets	17.2	-	17.2
- Investment properties	83.5	54.9	28.6
- Investment in JV's	46.5	7.8	38.7
- Other non-current assets	36.6	7.1	29.5
Inventories	1,851.7	238.5	1,613.2
Debtors	115.2	18.5	96.7
Creditors	<u>(993.0)</u>	<u>(60.9)</u>	<u>(932.1)</u>
Capital employed	1,157.7	265.9	891.8
Net (debt)/cash	<u>(57.9)</u>	<u>(99.9)</u>	<u>42.0</u>
Net assets	1,099.8	166.0	933.8
Minority interest	<u>-</u>	<u>4.4</u>	<u>(4.4)</u>
Net assets attributable to shareholders	<u>1,099.8</u>	<u>170.4</u>	<u>929.4</u>

# Investment properties



	<u>30 April</u> <u>2012</u>	<u>30 April</u> <u>2011</u>
	<u>No.</u>	<u>No.</u>
Original number of properties committed to fund	896	896
Number of properties marketed for sale	(94)	-
Total number of properties to be transferred	<u>802</u>	<u>896</u>
Of which:		
- Number of properties transferred	612	215
- Number of properties still to be transferred	190	681
Historical cost of properties	£83.5m	£28.6m
Market value	£114.5m	£42.0m
ASP	£187k	£195k
Gross running yield on market value	6.1%	6.0%

# Inventories



	<u>Apr 2012</u> £m	<u>Movements</u> £m	<u>Apr 2011</u> £m
Land not under development	360.5	43.9	316.6
Work in progress: Land cost	<u>723.8</u>	<u>91.9</u>	<u>631.9</u>
	1,084.3	135.8	948.5
Work in progress: Build cost	698.8	83.1	615.7
Completed units	<u>68.6</u>	<u>19.6</u>	<u>49.0</u>
	<u>1,851.7</u>	<u>238.5</u>	<u>1,613.2</u>



# Creditors



	<u>Apr 2012</u> £m	<u>Movements</u> £m	<u>Apr 2011</u> £m
Trade creditors and accruals	347.5	47.7	299.8
Deposits and on account receipts	422.9	(49.1)	472.0
Land creditors	122.8	56.4	66.4
Current tax liability	99.8	5.9	93.9
Total creditors	<u>993.0</u>	<u>60.9</u>	<u>932.1</u>
 <u>Land creditors</u>			
Land creditors < 12 months	92.4	77.0	15.4
Land creditors > 12 months	30.4	(20.6)	51.0
Total	<u>122.8</u>	<u>56.4</u>	<u>66.4</u>

# Land holdings



	<u>Apr 2012</u>	<u>Variance</u>	<u>Apr 2011</u>
Owned	25,755	- 1,110	26,865
Contracted	246	+ 99	147
Agreed	<u>20</u>	<u>+ 6</u>	<u>14</u>
Plots *	26,021	- 1,005	27,026
Sales value	£8,989m	+ £854	£8,135m
Average selling price	£345k	+ £44k	£301k
Average plot cost	£55k	+ £11k	£44k
Land cost %	16.0%	+ 1.4%	14.6%
Gross margin	£2,580m	+ £276m	£2,304m
GM%	28.7%	+0.4%	28.3%

\* Includes 1,658 plots within joint ventures at 30 Apr 2012 (30 Apr 2011: 1,548)

---

# ROB PERRINS

## MANAGING DIRECTOR

# Introduction



1. Performance Highlights
2. Strategic Objectives
3. Operating Plan
  - Planning
  - Delivery of Schemes
  - The Market
  - Land Bank
  - Future Investment
  - Structure
4. Major Projects
5. Outlook
6. Guidance

# Performance Highlights



- PBT up 57.7% to £214.8 million
- 21.2% ROE
- 12% growth in land bank to £2,580 million
- 20 sites acquired for £311 million
- 6% of land bank value added in optimisation
- Forward sales up 30% to £1,056 million
- Circa 84% of the land bank has a planning consent
- £525 million of banking facilities committed to 2017

## Key Message

- Well positioned with foundations in place to return £4.34 by September 2015

# Performance Highlights



	Original 5 Year Operational Target (May 2010)	2010/11 (Actual)	2011/12 (Actual)	Financial Value added by outperformance
ROE	12.5%	15.3%	21.2%	Cumulative £110 million of incremental PBT
Land Bank Growth	10.0%	13.1%	12.0%	Additional £120 million of future land bank value

# Strategic Objectives



1. To return £13 per share by the following milestones:

	£/Share	£'million
30 <sup>th</sup> September 2015	4.34	568.5
30 <sup>th</sup> September 2018	4.33	567.2
30 <sup>th</sup> September 2021	<u>4.33</u>	<u>567.2</u>
	<u>13.00</u>	<u>1,702.9</u>

2. To create a long term, sustainable business beyond 2020

# Operating Plan

- **Protect the value in the balance sheet**
- Control release of schemes to build
- Match operational risk with the market conditions
- Add value to the land bank
- Invest in the right point in the cycle
- People, structure and natural size



## Protecting value on the balance sheet

- **Securing planning consents**
- Controlling our assets
- Intensive management
- Maintain balance sheet strength
- Access to credit

## Planning

- 84% of land bank is consented
- Impact of Mayoral CIL
- Impact of NPPF outside London
- Key consents at:
  - Fulham Reach (744 units)
  - Chelsea Creek (489 units additional)
  - Abell & Cleland (275 units)
  - Kew Bridge (144 units additional)

# Operating Plan Planning Consents (1)



Fulham Reach (744)



Kew Bridge (144)





# Operating Plan Planning Consents (2)



Chelsea Creek (889)



Abell & Cleland,  
Westminster (275)



## Protecting value on the balance sheet

- Securing planning consents
- **Controlling our assets**
- **Intensive management**
- **Maintain balance sheet strength**
- **Maintain low financial risk**

# Operating Plan



- Protect the value in the balance sheet
- **Control release of schemes to build**
- Match operational risk with the market conditions
- Add value to the land bank
- Invest in the right point in the cycle
- People, structure and natural size

# Operating Plan

## Release of schemes to build



		London	South East	Total
<b>Delivery of Developments:</b>				
In construction	No. sites	40	29	69
Not in construction	No. sites	<u>14</u>	<u>18</u>	<u>32</u>
Total Developments	No. sites	54	47	101
<b>Planning:</b>				
Detailed consent	No. sites	45	31	76
Resolution to grant	No. sites	-	6	6
Intended for replanning	No. sites	3	-	3
No current consent	No. sites	<u>6</u>	<u>10</u>	<u>16</u>
		54	47	101
Proportion with planning (by sites)		89%	79%	84%
Split (by plots)		76%	24%	100%

# Operating Plan London Schemes



## London Under Construction

- |           |                                |           |                                 |
|-----------|--------------------------------|-----------|---------------------------------|
| <b>1</b>  | 375 Kensington High Street     | <b>21</b> | Langham Square, Putney          |
| <b>2</b>  | Battersea Reach                | <b>22</b> | Lime Grove Mews, Hammersmith    |
| <b>3</b>  | Beaufort Park, Hendon          | <b>23</b> | Marine Wharf, Deptford          |
| <b>4</b>  | Blackheath Road, Deptford      | <b>24</b> | Marryat Place, Wimbledon*       |
| <b>5</b>  | Camberwell Grove               | <b>25</b> | ONESE8, Deptford                |
| <b>6</b>  | Carmelite, Finchley*           | <b>26</b> | One Tower Bridge                |
| <b>7</b>  | Caspian Wharf, Bow             | <b>27</b> | Parkwest, West Drayton          |
| <b>8</b>  | Chelsea Creek / Imperial Wharf | <b>28</b> | Queen Mary's Place, Roehampton  |
| <b>9</b>  | Costume Store, Acton           | <b>29</b> | Riverlight, Battersea           |
| <b>10</b> | Dickens Yard, Ealing           | <b>30</b> | Roman House, City of London     |
| <b>11</b> | Ebury Square, Belgravia        | <b>31</b> | Royal Arsenal Riverside         |
| <b>12</b> | Emerald Square, Roehampton     | <b>32</b> | Saffron Square, Croydon         |
| <b>13</b> | Fulham Reach, Hammersmith      | <b>33</b> | St Catherine's Place, New Cross |
| <b>14</b> | Goodmans Fields, Aldgate       | <b>34</b> | St James Park Mews, Surbiton    |
| <b>15</b> | Griffon Studios, Clapham       | <b>35</b> | Stanmore Place                  |
| <b>16</b> | Grosvenor Waterside            | <b>36</b> | Terrace Yard, Richmond          |
| <b>17</b> | Napier, Acton                  | <b>37</b> | The Boatyard, Kingston          |
| <b>18</b> | Kew Bridge Road                | <b>38</b> | The Tower, One St George Wharf  |
| <b>19</b> | Kew Bridge West, Brentford     | <b>39</b> | Wimbledon Hill Park             |
| <b>20</b> | Kidbrooke Village              | <b>40</b> | Woodberry Park                  |

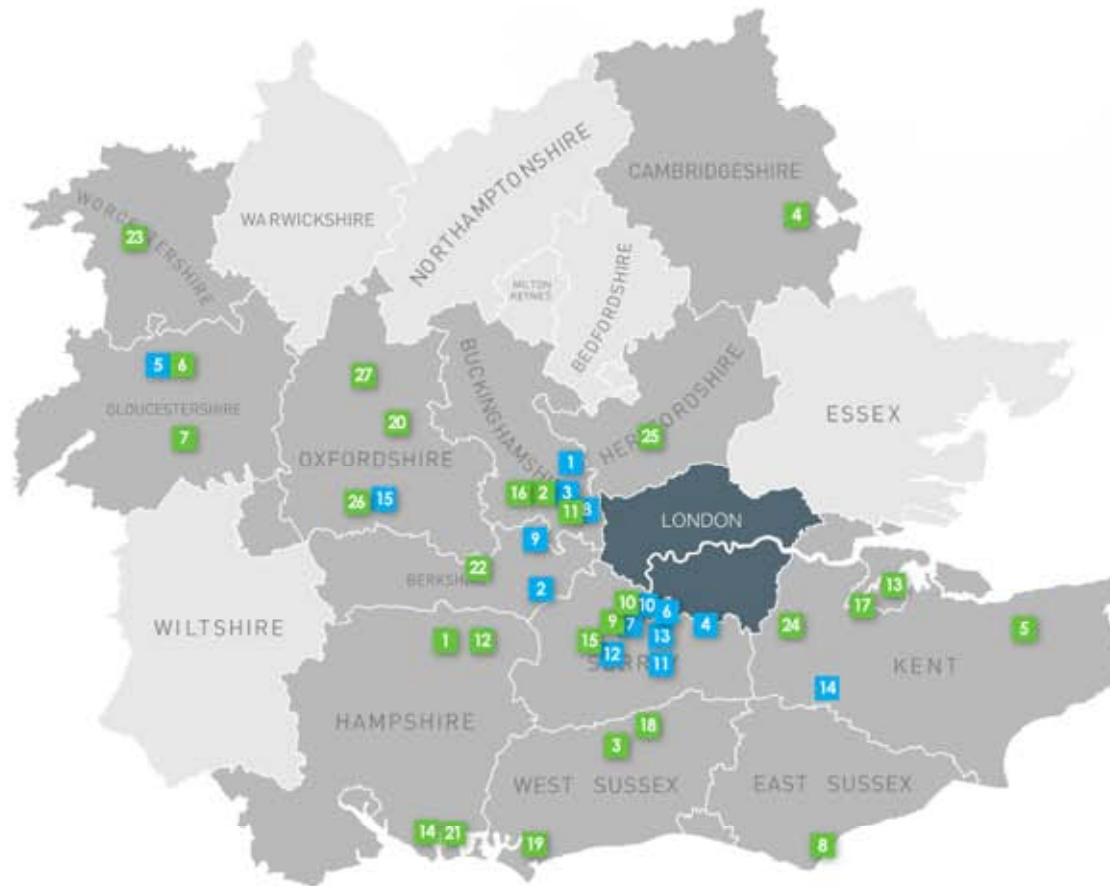
## London Future Sites

- |          |                                    |           |                                     |
|----------|------------------------------------|-----------|-------------------------------------|
| <b>1</b> | 190 Strand, City of London         | <b>8</b>  | One Blackfriars, Southwark*         |
| <b>2</b> | Abell & Cleland House, Westminster | <b>9</b>  | Queen's Rise, Richmond*             |
| <b>3</b> | Camwath Road, Fulham               | <b>10</b> | Section House, Finchley*            |
| <b>4</b> | City Forum, City of London*        | <b>11</b> | Sir Alexander Close, Acton          |
| <b>5</b> | Eastbury House, Albert Embankment* | <b>12</b> | Twickenham Sorting Office*          |
| <b>6</b> | Hampton House, Albert Embankment*  | <b>13</b> | Warwick Road, Kensington (Telereal) |
| <b>7</b> | NEC House, Acton*                  | <b>14</b> | Warwick Road, Kensington (Homebase) |

\* Includes sites purchased during the year



# Land Bank Out of London



## Out of London Under Construction

- |                    |                     |
|--------------------|---------------------|
| 1 Basingstoke      | 15 Guildford        |
| 2 Beaconsfield     | 16 High Wycombe     |
| 3 Billingshurst    | 17 Holborough       |
| 4 Cambridge        | 18 Horsham          |
| 5 Canterbury       | 19 North Bersted    |
| 6 Cheltenham       | 20 Oxford (2 sites) |
| 7 Cirencester      | 21 Portsmouth       |
| 8 Eastbourne       | 22 Reading          |
| 9 Eppingham        | 23 Worcester        |
| 10 Esher           | 24 Sevenoaks        |
| 11 Farnham Common  | 25 St Albans        |
| 12 Fleet (2 sites) | 26 Wantage          |
| 13 Gillingham      | 27 Woodstock        |
| 14 Gosport         |                     |

## Out of London Future Sites

- |                             |                        |
|-----------------------------|------------------------|
| 1 Amersham*                 | 9 Maidenhead*          |
| 2 Ascot (2 sites)           | 10 Oxshott*            |
| 3 Beaconsfield              | 11 Reigate             |
| 4 Caterham*                 | 12 Shalford*           |
| 5 Cheltenham*               | 13 Tadworth (2 sites)* |
| 6 Claygate                  | 14 Tunbridge Wells*    |
| 7 Cobham                    | 15 Wantage             |
| 8 Gerrards Cross (2 sites)* |                        |

\* Includes sites purchased during the year

# Operating Plan



- Protect the value in the balance sheet
- Control release of schemes to build
- **Match operational risk with the market conditions**
- Add value to the land bank
- Invest in the right point in the cycle
- People, structure and natural size

## Market - London

- Strong demand for residential property in the best locations especially Zones 1 and 2 (transport, schools, infrastructure, amenities)
- Circa 40% international buyers
- Strong rental demand underpinning yields – investors account for circa 50% of all sales
- Limited supply of new homes
- London is viewed as a safe haven
- Value of Sterling makes London attractive
- Domestic demand underpinned by London's economic strength

## Market - Outside London

- Location led (creating primary and secondary market)
- Volumes normalised and running at circa 60% of 2007 levels
- Visitor traffic consistent with 2010/11
- Mortgage availability (deposits) is a constraint
- FirstBuy has generated 60 sales
- NewBuy just launched

# Operating Plan



- Protect the value in the balance sheet
- Control release of schemes to build
- Match operational risk with the market conditions
- **Add value to the land bank**
- Invest in the right point in the cycle
- People, structure and natural size

## Land Bank

- 26,021 plots
- Potential gross margin up 12% to £2,580 million
- 20 sites purchased in year for £311 million
- 12 sites acquired in second half for £133 million
- Targeting 10% growth in value in the land bank in 2012/13 through new land and optimisation
- 10,000 additional plots in pipeline (strategic and contracted)

# Operating Plan

## Key Sites Acquired in the Year (1)



### One Blackfriars

- Acquired December 2011
- 50 storey tower
- Revised application submitted on 31<sup>st</sup> May 2012





# Operating Plan

## Key Sites Acquired in the Year (2)



### Albert Embankment

- Hampton House and Eastbury House
- Eastbury House application for new 28 storey development, designed by Rogers Stirk Harbour + Partners
- Hampton House has consent for 242 units, 167 bed hotel, circa 5,000 sqft of commercial, designed by Foster + Partners



**St James**  
Designed for life



# Operating Plan

## Key Sites Acquired in the Year (3)



### City Road Forum, EC1

- 5 Acre site
- Consent for 720 units, 125 bed hotel, 160 student beds, 128,000 sq ft commercial
- Tenanted until 2015



# Operating Plan

## Key Sites Acquired in the Year (4)



### Kent & Sussex Hospital, Royal Tunbridge Wells

- 11.3 acres
- Former hospital site
- Acquired March 2012



# Operating Plan



- Protect the value in the balance sheet
- Control release of schemes to build
- Match operational risk with the market conditions
- Add value to the land bank
- **Invest in the right point in the cycle**
- People, structure and natural size

# Operating Plan



## Investment Strategy

	<b>Criteria</b>
<b>Land</b>	<ul style="list-style-type: none"><li>- Counter cyclical strategy</li><li>- Acquire where Berkeley can add value</li><li>- Achieve hurdle rates on absolute return and Return on Capital</li><li>- Acquire to a backstop</li></ul>
<b>Build</b>	<ul style="list-style-type: none"><li>- Match with forward sales</li><li>- Balanced with earnings and dividend policy</li><li>- Potential to bring forward scheme if market conditions allow</li></ul>
<b>Shareholder returns</b>	<ul style="list-style-type: none"><li>- Focus on returning £13 per share as dividend</li><li>- Consideration of share buybacks to be undertaken opportunistically within existing framework</li></ul>



# Operating Plan

- Protect the value in the balance sheet
- Control release of schemes to build
- Match operational risk with the market conditions
- Add value to the land bank
- Invest in the right point in the cycle
- **People, structure and natural size**

# Operating Plan



## Structure

Board

- Chairman
- Deputy Chairman
- 5 Executive Directors
- 6 Independent Non Executive Directors

Brands

- 5 Core Brands

Operating Teams

- 18 autonomous teams
- Three new teams created  
(Eastern, Three Valleys, Rental Fund)

People

- 1,200 employees (2008: 700)
- 9,000 contractors (2008: 3,500)
- 100 apprentices

# Major Projects



	No. Units	Current estimated year of 1 <sup>st</sup> revenues	Likely Period of delivery
St George Tower	223	2015	3 years
Riverlight	750	2016	7 years
Chelsea Creek	794	2012	10 years
One Tower Bridge	396	2016	6 years
Kensington High Street*	529	2015	7 years
Ebury Square	71	2016	3 years
190 Strand*	<u>206</u>	2017	4 years
	<b><u>2,969</u></b>		

# Major Projects

## The Tower at St George Wharf



Q2 2012



CGI of Completed Site





# Major Projects Chelsea Creek



Q2 2012



CGI of Completed Site



The Berkeley Group Holdings plc



# Major Projects Riverlight



Q2 2012



CGI of Completed Site



**St James**  
Designed for life



# Major Projects

## One Tower Bridge



Q2 2012



CGI of Completed Site



# Major Projects Ebury Square



**Berkeley**  
Designed for life

The Berkeley Group Holdings plc

**Berkeley**  
Designed for life

 **St Edward**  
Designed for life

**St James**  
Designed for life

 **St George**  
Designed for life

 **Berkeley**  
first

 **vision**  
2020  
Our vision  
for the future



# Major Projects

## 375 Kensington High Street



# Major Projects The Strand



# Outlook

## Positives

- Demand vs Supply fundamentals are strong
- London and South East economy is resilient
- London remains World City
- Strong rental yields
- Government initiatives likely to stimulate demand

## Risks

- Eurozone
- Economic uncertainty
- Political / Tax risk



# Operating Guidance



	Previous	Future
<b>ROE</b>	18.5% ROE over long term	18.5% ROE over long term
<b>Earnings</b>	Double earnings to at least £220 million by April 2013	Deliver £4.34 per share by September 2015 and retain the balance sheet at least at the current size. Earnings likely to be “lumpy” depending on delivery of major schemes
<b>Land Bank</b>	£3 billion by April 2015	£3 billion by April 2014



# Questions

---



Tony Pidgley

Chairman

Rob Perrins

Managing Director

Nick Simpkin

Finance Director